

**SCHOOL DISTRICT
OF
STOW CREEK TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Stow Creek Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**Stow Creek Township Board of Education
Cumberland, New Jersey**

For the Fiscal Year Ended June 30, 2014

Prepared by

**Stow Creek Township Board of Education
Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION

Stow Creek Township School District

11 GUM TREE CORNER ROAD
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BUSINESS OFFICE TEL (856) 299-4240

BRIDGETON, NJ 08302-8951
FAX (856) 455-0833
FAX (856) 299-8182

Rodney Cruzan
Board President

John Klug
Chief School Administrator

Gary R. Moore
Board Secretary/
School Business Administrator

October 15, 2014

Honorable President and
Members of the Board of Education
Stow Creek Township School District
Cumberland County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Stow Creek Township School District for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Stow Creek Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on a basis of governmental, business-type and fiduciary funds, which are all included in this report. The Stow Creek Township Board of Education and its one school constitute the District's reporting entity.

Stow Creek Township School District provides a full range of educational services appropriate for grade levels Pre-K through Eighth grade. These include regular education, as well as special education for handicapped students. Our students in grades 9-12 are sent to Cumberland Regional High. The Stow Creek Township School District completed the 2013-2014 fiscal year with an enrollment of 116 students, which was 1 student less than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-14	116	(1)%
2012-13	117	0%
2011-12	117	(12)%
2010-11	133	(1)%
2009-10	134	(2)%
2008-09	137	(1)%
2007-08	138	(2)%
2006-07	141	(1)%
2005-06	143	5 %
2004-05	136	(3)%

2. ECONOMIC CONDITION AND OUTLOOK:

Stow Creek Township continues to experience limited growth, as depicted in the enrollment statistics. Approximately three-quarters of the total area of the Township is considered prime farmland, which has been a significant factor in terms of Stow Creek's planned development, encouraging the retention of prime farmland for agricultural use.

Future development in Stow Creek is governed by natural or environmental factors, in addition to agricultural suitability of soils. The Township has no central sewer system and therefore, soil suitability for on-site waste disposal systems is crucial in terms of development potential. In addition, the recent upgrading of requirements by the New Jersey Department of Health, regarding on-site systems, mandates that areas with only slight limitations will be further restricted in density. Wetland regulations also impact on development potential. Several landowners have sold properties to NJ Fish and Wildlife Management and the State has also established a state park in the Township.

3. MAJOR INITIATIVES:

Stow Creek School District is continuing to use the economies of scale generated by its alliance with Greenwich Township in the Greenwich-Stow Creek Partnership Schools to enhance the quality of instruction and the educational opportunities available to the children of both districts while reducing costs.

Stow Creek Township is continuing its major technology initiatives this year. The entire school has been rewired for a 50 times faster Internet connection to allow for effective use of a One-to-One laptop/tablet initiative for all 5th through 8th Grade students this year. The district is continuing to collaborate with the Educational Technology Training Center at Richard Stockton College to provide professional development to teachers in the effective use of educational technology. They are providing a technology infusion specialist to train our current technology teacher to work with our staff as an in-house technology infusion specialist. We have also opened this intensive hands-on training-the trainer to neighboring school districts to share the cost. We have dedicated the rents received from the new cell tower erected on school property this year to helping fund these educational technology advances.

Stow Creek is also expanding the integrated, global computerized information system installed two years ago. In addition to a complete Student Information System, Discipline system online, teacher lesson plans online, grade books, and teacher web-sites, we are utilizing a student statistics tool to drill down on the specific skills that our students need to improve their understanding of the subject area and a curriculum building tool to expedite our transition with the rest of New Jersey to the Common Core. We are also using this integrated system as the technology tool to go along with our newly adopted Danielson teacher evaluation model for the implementation on AchieveNJ. We are doing this in partnership with the six neighboring districts which make up the constituency of the local regional high school to allow us to reap considerable economies of scale in the required staff training.

We have adopted and are implementing the new Common Core Standards for Math and Language Arts. Considerable staff training on the Common Core has been funded through a grant obtained in collaboration with nine school districts in Cumberland and Cape May counties.

Stow Creek, on behalf of the partnership, is continuing to enter into new collaborative relationships with surrounding districts and businesses. We now share a World Languages teacher one period a day and a Music teacher halftime with Hopewell Crest; we share a Guidance Counselor two days per week with the regional high school, as well as our numerous shared services with Greenwich in the partnership. By negotiating as one larger entity and sharing those services and costs with Greenwich, Stow Creek has negotiated better contract terms with our Student Information System provider, our outsourced IT provider and our automated telephone contact system provider, technology providers, textbook publishers and others.

In conclusion, the School District has committed itself to educational excellence and continued parsimony. The new collaborations are allowing Stow Creek to provide better and new educational services to our children and keep costs in check. Stow Creek is taking the steps necessary to keep up with today's changing economic and regulatory conditions and still provide a world-class education for the children of Stow Creek Township.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are being made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

As demonstrated by the various statements and schedules included in the financial statements section of the report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

As of June 30, 2014, the District does not have any debt, other than \$88,613 in a capital lease and \$46,064 in uncompensated absences.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

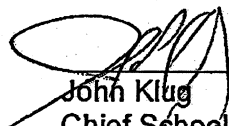
11. OTHER INFORMATION:

- A. **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, P. A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Stow Creek Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

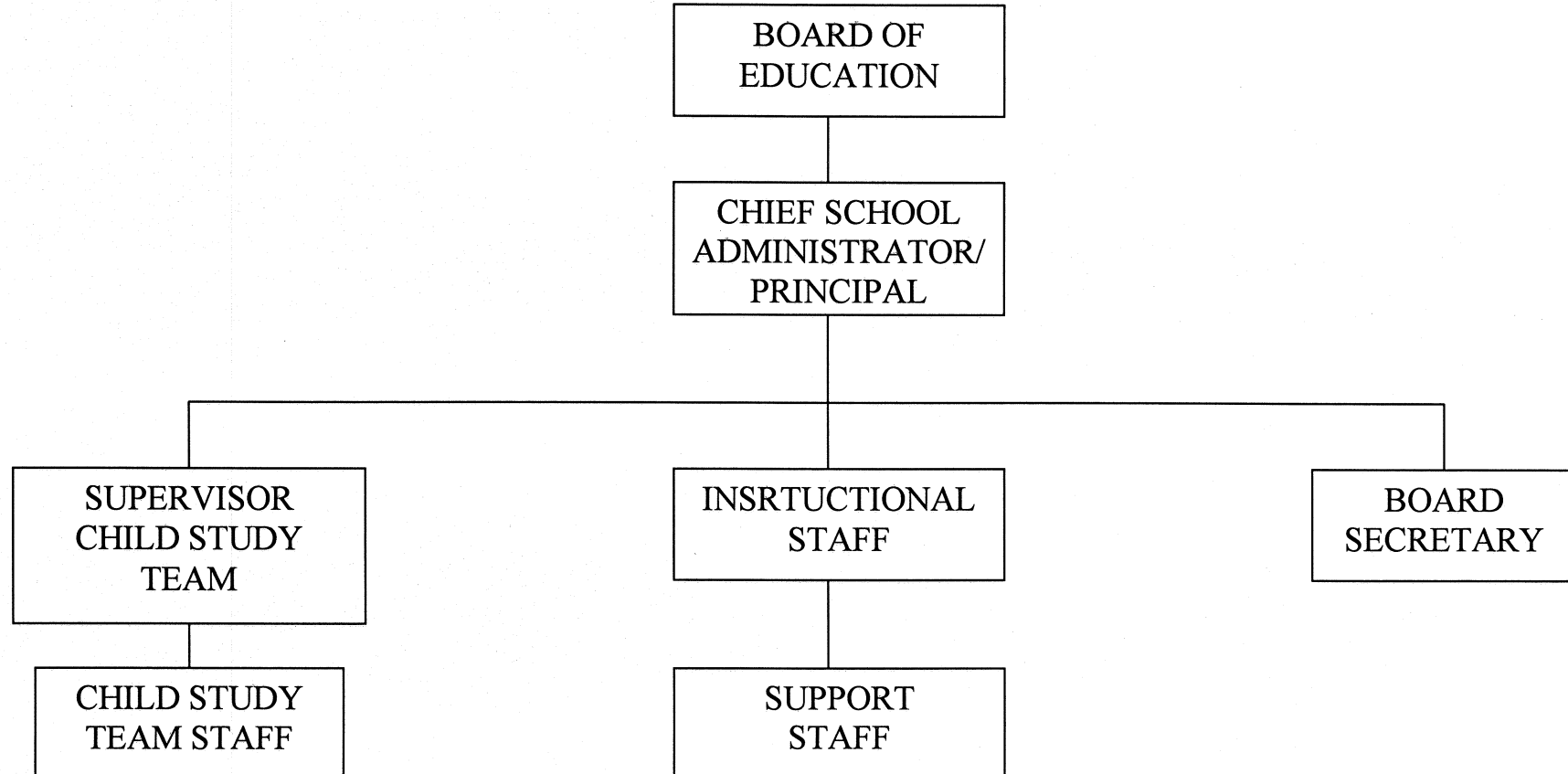
Respectfully submitted,


John Klug
Chief School Administrator


Gary R. Moore
Board Secretary / Business Administrator

STOW CREEK TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART (UNIT CONTROL)



STOW CREEK TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2014

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Scott Bonham, President	2016
Kate Thompson, Vice President	2015
Walter Dooley	2014
Darlene Rosenberger	2016
Beth Iwaszkiewics	2015
Fred Hovermann	2015
Cheryl Ann Ewing	2014
Heather Weber	2014
Kelly Fithian	2016

OTHER OFFICIALS

John Klug, Chief School Administrator

Gary R. Moore, Board Secretary/Business Administrator

Tracey Beattie, Treasurer of School Monies

Jane B. Capasso, Esq., Solicitor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Jane B. Capasso, Esquire
Lipman, Antonelli, Batt, Gilson, Malestein, Rothman & Capasso
110 North Sixth Street
Vineland, NJ 08362-0729

OFFICIAL DEPOSITORY

Bank of America
500 Shiloh Pike
Bridgeton, New Jersey 08302

Colonial Bank, FSB
85 W. Broad Street
Bridgeton, New Jersey 08302

State of New Jersey Cash Management Fund
Citi Fund Services
PO Box 182218
Columbus, OH 43216

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 15, 2014

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
Bridgeton, New Jersey 08302

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Stow Creek School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Township of Stow Creek School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Stow Creek Township School District in the County of Salem, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 19 and 50 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Stow Creek School District's financial statements as a whole. The introductory section, combining fund financial statements, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid***, and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedure applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

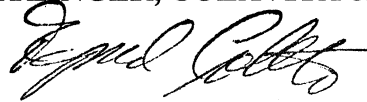
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2014 on our consideration of the Township of Stow Creek School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read "Raymond Colavita", written over the printed name.

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Stow Creek Township School District Management Discussion and Analysis

This section of the Stow Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2014. Comparative information between the current year (2013-14) and the prior year (2012-13) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status and performance.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the *district-wide statements*, with the focus on operations.
- The *governmental fund statements* tell how *basic* services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- *Proprietary fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain various information in the statements and provide more detail. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Key financial highlights for 2014 are as follows:

- The assets of the Stow Creek School District exceeded its liabilities at the close of the most recent fiscal year on June 30, 2013 by \$576,593.
- Total net position of governmental activities decreased by \$5,281, comprised of changes in various assets and liabilities. The net position of the Business-type Activities decreased by \$12,424.
- As of the close of the current fiscal year, the Township of Stow Creek School District's Governmental Funds reflected combined ending fund balances of \$369,628, which is an increase of \$29,399 over the prior year.

- General revenues accounted for \$1,857,694, which was 86% percent of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$309,958 or 14% percent to total revenues of \$2,167,652.
- The School District had \$2,185,357 in expenses, of which only \$309,958 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) were adequate to provide for these programs, which include the Business-type Activities.
- The General Governmental Fund had \$1,987,841 in revenues, \$2,052,973 in expenditures and \$158,302 in other net financing sources. The General Fund balance increased \$93,170 over 2013. This increase was anticipated by the Board of Education, although fund balance of \$66,152 was used to balance the budget.

District-wide Financial Statements – Reporting the School District as a Whole

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's overall financial position.

This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and After School Child Care enterprise funds are reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's net position for the years ended in 2014 and 2013.

Table 1
Net Position

	2014	2013
Assets		
Current and Other Assets	\$ 674,441	\$ 554,067
Capital Assets, Net	326,650	264,927
Total Assets	1,001,091	818,994
Liabilities		
Current Liabilities	289,821	186,887
Long-term Liabilities	134,677	37,809
Total Liabilities	424,498	224,696
Net Position		
Invested in Capital Assets, Net of Debt	238,037	264,927
Restricted	206,820	130,784
Unrestricted	131,736	198,587
Total Net Position	\$ 576,593	\$ 594,298

Table 2 shows the changes in net position from fiscal year's 2014 and 2013.

Table 2
Changes in Net Position

	2014	2013
Revenues		
Programs Revenues		
Charges for Services	\$ 54,354	\$ 49,797
Operating Grants	255,604	280,787
General Revenues		
Property Taxes	956,810	892,135
Grants and Entitlements	830,696	825,109
Other	70,188	71,575
Total Revenues	2,167,652	2,119,403
Program Expenses		
Instruction	746,852	762,709
Tuition	135,939	105,008
Pupil and Instructional Staff	151,793	143,281
General Administration, School		
Administration, Business	180,674	182,771
Operations and Maintenance of Facilities	224,106	162,888
Pupil Transportation	182,231	175,279
Employee Benefits	473,902	484,309
Food Service & After School Care	89,860	88,878
Total Expenses	2,185,357	2,105,123
Less: Fixed Asset Adjustment		(3,527)
Increase in Net Position	\$ (17,705)	\$ 10,753

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 51.6% percent of the net revenues for governmental activities of \$1,854,558. Unrestricted Federal, state and local grants accounted for another 44.8%. The total cost of services, as shown below, was \$2,185,357. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$1,859,839. Instruction comprises 37.1% of these net District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>
Instruction	\$ 746,852	\$ 689,161	\$ 762,709	\$ 696,684
Tuition	135,939	135,939	105,008	105,008
Pupil and Instructional Staff	151,793	115,919	143,281	106,334
General Administration, School				
Administration, Business	180,674	180,674	182,771	182,771
Operation and Maintenance of Facilities	224,106	224,106	162,888	162,888
Pupil Transportation	182,231	182,231	175,279	175,279
Employee Benefits	473,902	331,809	484,309	327,979
Enterprise Funds	89,860	15,560	88,878	17,596
Total Expenses	<u>\$ 2,185,357</u>	<u>\$ 1,875,399</u>	<u>\$ 2,105,123</u>	<u>\$ 1,774,539</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Co-curricular activities include instructional expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

Pupil transportation includes activities involved with the conveyance of students to and from school and other activities, as provided by state law, as well as internal service fund expenses.

Unallocated Depreciation reflects the cost of fixed assets spread over the estimated useful lives of the individual assets

Business-Type Activities

Revenues for the District's business-type activities (Food Service and After School Child Care Programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded Revenues by \$9,401 in the Food Service Fund and \$6,159 in the After School Childcare Program. This excess was offset by a board subsidy of \$3,058 and miscellaneous income of \$78. This resulted in a negative change in net position of \$12,424.

- Charges for services represent \$44,216 in the Food Service Fund and \$10,138 in the After School Childcare Program. This represents amount paid by patrons for daily food services activities and after school childcare.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$19,946.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., General Fund, Special Revenue Fund and Capital Project Fund presented in the fund-based statements) had total revenues of \$2,093,274, expenditures of \$2,149,430 and other net financing sources of \$85,555. The net financing sources were made up of Capital Lease proceeds of \$88,613, less transfers of \$860 to the Food Service Fund and \$2,198 to the Aftercare Program. The net positive change in fund balance for the year was \$29,399. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the Governmental Funds (excluding Capital Projects) for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,026,920	49.06%	\$ 63,382	6.58%
State Sources	990,138	47.30%	(13,730)	-1.37%
Federal Sources	76,216	3.64%	(4,327)	-5.37%
Total	<u>\$ 2,093,274</u>	<u>100.00%</u>	<u>\$ 45,325</u>	<u>2.21%</u>

The increase in Local sources is attributed to increases in the tax levy of \$64,675, tuition of \$1,600 and general fund transportation of \$675, offset by a decrease in miscellaneous revenues of \$3,568.

The decrease in State sources is attributed to a decrease in State Public School aid of \$2,875 and a decrease in Special Revenue Fund Grants of \$10,855.

The above schedule includes the two last state aid payments for 2012-2013 of \$72,948 received in July 2013 and does not include the two last state aid payments for 2013-2014 received in July 2014 in the amount of \$73,045.

The decrease in Federal sources is due to decreases in the Special Revenue Fund Grants of \$4,327. In addition, the 2014 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of General Fund and Special Revenue Fund Expenditures for the fiscal year ended June 30, 2014 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2013</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 742,079	34.52%	\$ 16,873	2.33%
Undistributed expenditures	1,317,999	61.32%	79,460	6.42%
Capital Outlay	89,352	4.16%	88,613	11990.93%
Total	<u>\$ 2,149,430</u>	<u>100.00%</u>	<u>\$ 184,946</u>	<u>9.41%</u>

The increase in Instructional Expenditures is attributed to increases in Regular Instruction of \$17,805 and in Special Instructional Expenses of \$1,663, offset by an increase in Other Instructional Expenses of \$2,595.

The increase in Undistributed Expenditures was due to increases in Tuition of \$30,931, student related costs of \$8,512, Plant and Maintenance costs of \$62,570 and Transportation costs of \$5,475, offset by decreases in Administration/Central Services costs of \$2,006 and Employee Benefits of \$26,022.

The increase in Capital Outlay is attributed to the purchase of a School Bus through a capital lease in the amount of \$88,613.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2014, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs.
- Additional costs for student transportation both in regular education and special education.
- Changes in maintenance and operations
- Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$93,267 as shown on Exhibit C-1.

- Actual revenues were \$18,154 more than expected, excluding on-behalf pension and social security reimbursements of \$139,201, due to the increased adjustment aid.
- Actual expenditures were \$193,994 less than expected. This excludes state on-behalf pension and social security reimbursements of \$139,201 and reflects favorable variances in most expenditure accounts.

Capital Assets

At the end of the fiscal year 2014, the School District had \$326,650 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2014 balances compared to 2013.

Table 4
Capital Assets (Net of Depreciation) at June 30

	2014	2013
Land Improvements	\$ 11,555	\$ 12,721
Building and Improvements	6,854	7,044
Vehicles	253,433	185,049
Equipment	54,808	60,113
Totals	\$ 326,650	\$ 264,927

Overall net Capital Assets increased by \$61,723 from fiscal year 2013 to fiscal year 2014, representing additions of \$88,613, offset by depreciation expense of \$26,890. The prior year capital assets, reflected above, have been adjusted based on a newly implemented fixed asset ledger.

Long-Term Debt:

At year-end, the District had outstanding long-term debt of \$88,613 in capital leases and compensated absences of \$46,064. There was no other outstanding debt authorized or issued (Note 6 to the Financial Statements). The amount of debt available for authorization by statute is \$3,457,353

Factors Bearing on the District's Future

The Greenwich-Stow Creek Partnership between Stow Creek and Greenwich Township is entering its fifth year. As the Partnership matures and continues to develop in new productive modes, Stow Creek Township School District foresees gaining increasingly more benefits from the economies of scale and opportunities generated by this alliance. It is anticipated that new and innovative uses of the partnership will allow the continued enhancement of the quality of instruction and the expansion of educational opportunities available to the children of both districts while at the same time maintaining fiscally prudent stewardship of taxpayers' dollars.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact John Klug, Chief School Administrator, at Stow Creek Township School District, 11 Gum Tree Corner Road, Bridgeton, NJ 08302.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 546,200	\$ 13,586	\$ 559,786
Receivables, Net	16,360	6,102	22,462
Interfunds Receivable	16,932		16,932
Inventory		1,653	1,653
Restricted Assets:			
Capital Reserve Account - Cash	73,608		73,608
Capital Assets, Net (Note 5)	320,823	5,827	326,650
Total Assets	973,923	27,168	1,001,091
LIABILITIES			
Current Liabilities:			
Accounts Payable	22,432	5,671	28,103
Interfunds Payable	1,000		1,000
Payable to State Governments	24,342		24,342
Unearned Revenue	235,698	678	236,376
Noncurrent Liabilities:			
Due Within One Year	22,228		22,228
Due Beyond One Year	112,449		112,449
Total Liabilities	418,149	6,349	424,498
Net Position			
Invested in Capital Assets, Net of Related Debt	232,210	5,827	238,037
Restricted for:			
Capital Projects	73,608		73,608
Excess Surplus	46,383		46,383
Other Purposes	71,837		71,837
Unrestricted	131,736	14,992	146,728
Total Net Position	\$ 555,774	\$ 20,819	\$ 576,593

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 675,387	\$	\$ 57,691	\$ (617,696)	\$	\$ (617,696)
Special Education	49,904			(49,904)		(49,904)
Other Instruction	21,561			(21,561)		(21,561)
Support Services:						
Tuition	135,939			(135,939)		(135,939)
Student & Instruction Related Services	151,793		35,874	(115,919)		(115,919)
General and Business Administrative Services	127,614			(127,614)		(127,614)
School Administrative Services	21,196			(21,196)		(21,196)
Central Services	31,864			(31,864)		(31,864)
Plant Operations and Maintenance	224,106			(224,106)		(224,106)
Pupil Transportation	182,231			(182,231)		(182,231)
Unallocated Benefits	473,902		142,093	(331,809)		(331,809)
Total Governmental Activities	2,095,497		235,658	(1,859,839)		(1,859,839)
Business-type Activities:						
Food Service	73,563	44,216	19,946		(9,401)	(9,401)
After School Childcare	16,297	10,138			(6,159)	(6,159)
Total Business-type Activities	89,860	54,354	19,946		(15,560)	(15,560)
Total Primary Government	\$ 2,185,357	\$ 54,354	\$ 255,604	(1,859,839)	(15,560)	(1,875,399)
General revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				956,810		956,810
Federal and State Aid not restricted				830,696		830,696
Tuition Received				3,200		3,200
Transportation Fees Received				34,425		34,425
Miscellaneous Income				32,485		32,485
Transfer				(3,058)	3,058	
Interest					78	78
Total General Revenues, Special Items, Extraordinary Items and Transfers				1,854,558	3,136	1,857,694
Change in Net Position				(5,281)	(12,424)	(17,705)
Net Position - Beginning (Restated)				561,055	33,243	594,298
Net Position - Ending	\$		\$	555,774	\$ 20,819	\$ 576,593

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 516,011	\$ 35,172	\$ 551,183
Cash - Capital Reserve	73,608		73,608
Accounts Receivables:			
State	845		845
Federal		15,515	15,515
Interfund Receivable	16,932		16,932
Total Assets	<u>\$ 607,396</u>	<u>\$ 50,687</u>	<u>\$ 658,083</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 19,540	\$ 2,892	\$ 22,432
Prepaid Local School Tax	169,079		169,079
Interfund Payable	5,983		5,983
Payable to State Government		24,342	24,342
Unearned Revenue	43,166	23,453	66,619
Total Liabilities	<u>237,768</u>	<u>50,687</u>	<u>288,455</u>
Fund Balances:			
Restricted For:			
Capital Reserve	39,608		39,608
Capital Reserve - Designated for Subsequent Year's Expenditures	34,000		34,000
Excess Surplus	46,383		46,383
Assigned To:			
Year - End Encumbrances	10,837		10,837
Assigned Fund Balance:			
Designated for Subsequent Year's Expenditures	61,000		61,000
Unassigned, Reported In:			
General Fund	177,800		177,800
Total Fund Balances	<u>369,628</u>		<u>369,628</u>
Total Liabilities and Fund Balances	<u>\$ 607,396</u>	<u>\$ 50,687</u>	

Amounts reported for *governmental activities* in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$764,332 and the accumulated depreciation is \$443,509 (Note 5).

320,823

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

(134,677)

Net Position of Governmental Activities

\$ 555,774

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 956,810	\$	\$	\$ 956,810
Tuition from Individuals	3,200			3,200
Transportation Fees from Other LEAs	34,425			34,425
Unrestricted Miscellaneous Revenues	23,509		8,976	32,485
Total Local Sources	1,017,944		8,976	1,026,920
State Sources	969,897	20,241		990,138
Federal Sources		76,216		76,216
Total Revenues	1,987,841	96,457	8,976	2,093,274
EXPENDITURES				
Current:				
Regular Instruction	612,923	57,691		670,614
Special Education Instruction	49,904			49,904
Other Instruction	21,561			21,561
Support Services:				
Tuition	135,939			135,939
Student & Instruction Related Services	115,919	35,874		151,793
General Administration	126,861			126,861
School Administrative Services	21,196			21,196
Central Services	31,864			31,864
Plant Operations and Maintenance	223,909			223,909
Pupil Transportation	160,790			160,790
Employee Benefits	462,755	2,892		465,647
Capital Outlay	89,352			89,352
Total Expenditures	2,052,973	96,457		2,149,430
Excess (Deficiency) of Revenues Over Expenditures	(65,132)		8,976	(56,156)
OTHER FINANCING SOURCES (USES)				
Capital Project Closeout	72,747		(72,747)	
Transfer to Aftercare Program	(2,198)			(2,198)
Proceeds from Capital Lease	88,613			88,613
Transfer to Food Service Fund	(860)			(860)
Total Other Financing Sources and Uses	158,302		(72,747)	85,555
Net Change in Fund Balances	93,170		(63,771)	29,399
Fund Balance—July 1	276,458		63,771	340,229
Fund Balance—June 30	\$ 369,628	\$ -	\$ -	\$ 369,628

The accompanying Notes to Financial Statements are an integral part of this statement.

**STOW CREEK TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 29,399
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	\$ (26,425)
Capital outlays	<u>88,613</u>
	62,188
The issuance of long-term debt through bonds or leases provides current financial resources to the governmental funds, while the repayment of principal on long-term debt represents a use of resources in governmental funds. The payment of long-term debt principal is not a use of funds in the statement of activities.	(88,613)
In the Statement of Activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid.	<u>(8,255)</u>
Change in Net Position of Governmental Activities (A-2)	\$ <u>(5,281)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities		
	Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 8,603	\$	\$ 8,603
Accounts Receivable:			
State	114		114
Federal	2,952		2,952
Other Program Fees	1,904	1,132	3,036
Interfund Receivable	3,935	1,048	4,983
Inventory	1,653		1,653
Total Current Assets	19,161	2,180	21,341
Noncurrent Assets:			
Furniture, Machinery & Equipment	35,147		35,147
Less Accumulated Depreciation	(29,320)		(29,320)
Total Noncurrent Assets	5,827		5,827
Total Assets	\$ 24,988	\$ 2,180	\$ 27,168
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable	\$ 3,546	\$ 2,125	\$ 5,671
Unearned Revenue	623	55	678
Total Current Liabilities	4,169	2,180	6,349
Net Position			
Invested in Capital Assets, Net of Related Debt	5,827		5,827
Unrestricted	14,992		14,992
Total Net Position	20,819		20,819
Total Liabilities & Net Position	\$ 24,988	\$ 2,180	\$ 27,168

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities		
	Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
Operating Revenues:			
Charges for Services:			
Food Sales Reimbursable Programs	\$ 15,496	\$	\$ 15,496
Food Sales Non-Reimbursable Programs	28,720		28,720
After School Childcare Fees		10,138	10,138
Total Operating Revenue:	44,216	10,138	54,354
Operating Expenses:			
Salaries	24,637	13,532	38,169
Supplies and Materials	6,813	2,000	8,813
Cost of Sales	27,836		27,836
Management Fee	12,500		12,500
Miscellaneous	1,312	765	2,077
Depreciation	465		465
Total Operating Expenses	73,563	16,297	89,860
Operating Income (Loss)	(29,347)	(6,159)	(35,506)
Non-operating Revenues (Expenses):			
State Sources:			
State School Breakfast Program	489		489
Federal Sources:			
National School Lunch Program	13,778		13,778
School Breakfast Program	1,552		1,552
Food Distribution Program	4,127		4,127
Interest	78		78
Total Non-operating Revenues (Expenses)	20,024		20,024
Income (Loss) before Contributions & Transfers	(9,323)	(6,159)	(15,482)
Transfer from General Fund	860	2,198	3,058
Change in Net Position	(8,463)	(3,961)	(12,424)
Total Net Position - Beginning	29,282	3,961	33,243
Total Net Position - Ending	\$ 20,819	\$ -	\$ 20,819

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Food Service	After School Childcare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 44,216	\$ 10,138	\$ 54,354
Payments to Employees	(24,637)	(13,532)	(38,169)
Payments to Suppliers	(40,336)	(2,000)	(42,336)
Payment to Others	(3,668)	519	(3,149)
Net Cash Provided by (used for) Operating Activities	(24,425)	(4,875)	(29,300)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	489		489
Federal Sources	19,457		19,457
Interfund Transfer	860	2,198	3,058
Net Cash Provided by (used for) Non-capital Financing Activities	20,806	2,198	23,004
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of Fixed Assets			
Net Cash Used by Capital Financing			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	78		78
Net Cash Provided by (used for) Investing Activities	78		78
Net Increase (Decrease) in Cash and Cash Equivalents	(3,541)	(2,677)	(6,218)
Balances—Beginning of Year	12,144	2,677	14,821
Balances—End of Year	\$ 8,603	\$	\$ 8,603
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (29,347)	\$ (6,159)	\$ (35,506)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	465		465
(Increase)Decrease in Accounts Receivable, Net	(2,129)		(2,129)
(Increase)Decrease in Interfund Receivable, Net	(937)	(1,048)	(1,985)
(Increase)Decrease in Other Program Fees Receivable	6,947	152	7,099
(Increase)Decrease in Inventories	34		34
Increase(Decrease) in Accounts Payable	172	2,125	2,297
Increase(Decrease) in Unearned Revenue	370	55	425
Total Adjustments	4,922	1,284	6,206
Net Cash Provided by (used for) Operating Activities	\$ (24,425)	\$ (4,875)	\$ (29,300)

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Trust Funds</u>	<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS			
Cash and Cash Equivalents	\$ 24,445	\$ 17,352	\$ 21,335
Interfund Accounts Receivable			
Payroll Agency Account	2,527		
Total Assets	<u>\$ 26,972</u>	<u>\$ 17,352</u>	<u>\$ 21,335</u>
LIABILITIES			
Payable to Student Groups	\$	\$ 18,352	\$
Accounts Payable		-	
Payroll Deductions and Withholdings			1,876
Interfund Accounts Payable:			
General Fund			16,932
Unemployment Trust Account			2,527
Total Liabilities	<u>\$</u>	<u>\$ 18,352</u>	<u>\$ 21,335</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 26,972</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Member	\$ 7,884
Investments and Earnings:	
Interest	106
Total Additions	7,990
DEDUCTIONS:	
Unemployment Claims	
Total Deductions	
Change in Net Position	7,990
Net Position - July 1	29,731
Net Position - June 30	\$ 37,721

The accompanying Notes to Financial Statements are and integral part of this statement.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Stow Creek Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the district is to educate students in grades Pre K-8. The Stow Creek Township School District had an approximate enrollment at June 30, 2014 of 116 students.

Business Administrator/Board Secretary services are contracted with the Alloway School District including responsibility for the administrative control of the district.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, as stipulated in GASB No. 114, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Stow Creek Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation: (continued)

District-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a capital projects fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund - The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, which are stipulated for the benefit of the School District or its students. The School District does not maintain a non-expendable scholarship fund that would require a permanent fund.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The School District's Enterprise funds are as follows:

Food Service Fund - This fund accounts for the financial transactions of the food service operations of the District.

School Age Child Care Program - This fund accounts for the financial activity related to providing day care services to the students.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund - Equipment

10 to 20 Years

FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. They account for assets where both the principal and interest may be spent. Expendable Trusts include Unemployment Compensation Insurance and scholarship funds, if any:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of Unearned Revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as Unearned Revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

Tuition charges, when applicable, are established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2011-12, 2012-13 and 2013-14 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H. Inventories and Prepaid Expenses (Cont'd):

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

I. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Assets, Liabilities and Equity:

Transactions - Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories - On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

At June 30, 2014, there was an ending inventory of \$1,653 in the Food Service Fund, of which \$623 was federal commodities.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2014 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district- wide statement of net position.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

Unearned Revenue in the special revenue fund represents cash that has been received but not yet earned.

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

W. New Accounting Standards:

During fiscal year 2013, the district adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. New Accounting Standards (Cont'd):

- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

X. Bond and Lease Acquisition Costs:

As part of any long-term Bond or lease agreement, providing for the use of school buildings, payments constituting professional fees will expensed when incurred in accordance with GASB Statement No. 65. There were no such bonds or leases for the year ended June 30, 2014.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2014, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 699,793
Total	\$ 699,793

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2014, the School Districts bank balances of \$705,618 was insured or collateralized as follows:

Insured	\$	322,526
Uninsured and collateralized with securities held by pledging financial institutions		383,092
	\$	<u>705,618</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Stow Creek Board of Education by inclusion of \$35,947 on June 30, 1998 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$	861
Interest Earnings		
Transfer from Capital Projects Fund		72,747
Withdrawal in Budget		
Ending Balance, June 30, 2014	\$	<u>73,608</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 is \$201,939. There were no withdrawals from the capital reserve during fiscal year 2013-14.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5. CAPITAL ASSETS

Capital Asset Activity for the Year Ended June 30, 2014 was as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Total Capital Assets not Being Depreciated				
Land Improvements	\$ 73,284			\$ 73,284
Building and Building Improvements	191,285			191,285
Vehicles	295,030	88,613		383,643
Equipment	116,120			116,120
Totals at Historical Cost	675,719	88,613	-	764,332
Less Accumulated Depreciation for :				
Land Improvements	(60,563)	(1,166)		(61,729)
Building and Improvements	(184,241)	(190)		(184,431)
Vehicles	(109,981)	(20,229)		(130,210)
Equipment	(62,299)	(4,840)		(67,139)
Total Accumulated Depreciation	(417,084)	(26,425)	-	(443,509)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	258,635	62,188	-	320,823
Government Activities Capital Assets, Net	\$ 258,635	\$ 62,188	\$ -	\$ 320,823
	<u>To A-1</u>			<u>To A-1</u>
Business-type Activities - Equipment	\$ 35,147			\$ 35,147
Less Accumulated Depreciation	(28,855)	(465)		(29,320)
Business-type Activities Capital Assets, Net	\$ 6,292	\$ (465)	\$ -	\$ 5,827

The opening balance on the Statement of Net Position has been restated to reflect the Governmental Activity adjustment above.

Depreciation Expense was Charged to Governmental Functions as Follows:

Instruction	\$ 4,773
Administration	14
Maintenance	197
Transportation	21,441
	<u>\$ 26,425</u>

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2014, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Capital Lease		\$ 88,613		\$ 88,613	\$ 22,228	\$ 66,385
Compensated Absences Payable	\$ 37,809	8,255		46,064		46,064
Total Other Liabilities	\$ 37,809	\$ 96,868	\$ -	\$ 134,677	\$ 22,228	\$ 112,449

Bonds Authorized and Issued -- As of June 30, 2014, the District had no bonds authorized but not issued.

C. Capital Leases – The District is leasing a School Bus under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum lease payments and the net minimum lease payments at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 22,228	\$ 903	\$ 23,131
2016	21,638	1,492	23,130
2017	22,125	1,006	23,131
2018	22,622	508	23,130
	<u>\$ 88,613</u>	<u>\$ 3,909</u>	<u>\$ 92,522</u>

NOTE 7. OPERATING LEASES

The District had commitments to lease two copiers under operating leases that expire in 2015. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	<u>\$ 5,832</u>

The total operating lease payments made during the year ended June 30, 2014 were \$7,776.

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

Significant Legislation – P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8. PENSION PLANS (CONT'D)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Three-Year Trend Information for PERS

Year Funding		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/14	\$	15,469	100	%	\$ 15,469
6/30/13		16,210	100		16,210
6/30/12		15,550	100		15,550

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/14	\$	80,885	100	%	\$ 0
6/30/13		88,498	100		0
6/30/12		67,018	100		0

During the fiscal year ended June 30, 2014, the State of New Jersey contributed \$30,642 to the TPAF for pension contribution and \$50,243 for post- retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$58,316 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

NOTE 10. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, a liability existed for compensated absences in the General Fund of \$46,064 and none in the Food Service Fund.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

Lincoln Investments
GWN Marketing
LSW

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior 2 years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$	\$ 7,990	\$ 10,749	\$ 26,972
2012-2013		5,592		29,731
2011-2012	50		10,000	24,139

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund Balances remained on the balance sheet at June 30, 2014:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 16,932	\$ 5,983
Food Service Fund	3,935	
After School Childcare	1,048	
Student Activity Fund		1,000
Payroll Fund		16,932
Total	\$ 21,915	\$ 23,915

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$369,628 General Fund balance at June 30, 2014, \$73,608 is restricted for Capital Reserve, of which \$34,000 has been assigned and appropriated as anticipated revenue in the year ending June 30, 2015; \$10,837 is assigned for Encumbrances; \$46,383 is restricted as excess surplus at June 30, 2014 in accordance with N.J.S.A. 18A:7F-7; \$61,000 has been assigned and appropriated as anticipated revenue for the year ending June 30, 2015; and \$177,800 is unreserved and undesignated.

Debt Service Fund - There was no unreserved and undesignated Debt Service fund balance at June 30, 2014.

NOTE 15. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2005, c.73(S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$46,383, which must be budgeted in the 2015-16 budget. The excess fund balance at June 30, 2013 was zero.

NOTE 17. DEFICIT FUND BALANCES

The District did not have any deficit fund balances in the General or Special Revenue Fund as of June 30, 2014 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties.

NOTE 18. RECEIVABLES

Receivables at June 30, 2014 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General		Special		Proprietary		
Receivables:	Fund		Revenue		Funds		Total
Intergovernmental	\$	845	\$	15,515	\$	3,066	\$ 19,426
Other						3,036	3,036
Totals	\$	845	\$	15,515	\$	6,102	\$ 22,462

NOTE 19. SUBSEQUENT EVENTS

There were no subsequent events affecting the District between June 30, 2014 and the Audit Report Date.

NOTE 20. FEMA Community Disaster Loan (CDL)

General Fund [Exhibits A-1, A-2, B-1, B-2, C-1] - The school district did not apply for and did not receive a CDL due to Superstorm Sandy in October 2012.

NOTE 21. Community Development Block Grant (CDBG)

General Fund [Exhibits A-1, A-2, B-1, B-2, C-1 and C-1/b] - The school district did not receive a CDBG for the school year 2013-2014.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 956,810	\$	\$ 956,810	\$ 956,810	\$ -
Tuition from Individuals	6,400		6,400	3,200	(3,200)
Transportation Fees from Other LEAs	34,425		34,425	34,425	
Unrestricted Miscellaneous Revenues	3,000		3,000	23,509	20,509
Total - Local Sources	1,000,635		1,000,635	1,017,944	17,309
State Sources:					
Categorical Special Education Aid	68,555		68,555	68,555	
Equalization Aid	566,187		566,187	566,187	
Categorical Security Aid	16,100		16,100	16,100	
Adjustment Aid	121,527		121,527	121,527	
Additional Adjustment Aid	5,359		5,359	5,359	
Categorical Transportation Aid	52,220		52,220	52,220	
Additional Nonpublic School Transportation Aid				845	845
On-Behalf TPAF Pension Contrib (Non-budgeted)				30,642	30,642
On-behalf Post-Retirement Medical Contribution				50,243	50,243
Reimbursed TPAF Social Security Contributions (Non-budgeted)				58,316	58,316
Total - State Sources	829,948		829,948	969,994	140,046
TOTAL REVENUES	1,830,583		1,830,583	1,987,938	157,355
EXPENDITURES:					
Current Expense:					
Salaries of Teachers:					
Kindergarten	9,275		9,275	9,181	94
Grades 1-5	319,505	(4,000)	315,505	314,727	778
Grades 6-8	201,866	2,100	203,966	203,887	79
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000		1,000		1,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	23,932	950	24,882	24,877	5
Other Purchased Services	32,400	5,046	37,446	34,526	2,920
General Supplies	29,500	(7,785)	21,715	18,734	2,981
Textbooks	5,000	6,991	11,991	6,991	5,000
Total Regular Programs - Instruction	\$ 622,478	\$ 3,302	\$ 625,780	\$ 612,923	\$ 12,857

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:					
Resource Room/Resource Center					
Salaries of Teachers	\$ 48,780	\$ 320	\$ 49,100	\$ 49,094	\$ 6
General Supplies	750	374	1,124	810	314
Textbooks	450	(220)	230		230
Total Resource Room/Resource Center	49,980	474	50,454	49,904	550
Total Special Education - Instruction	49,980	474	50,454	49,904	550
Basic Skills/Remedial - Instruction					
Salaries of Teachers	16,589		16,589	16,497	92
General Supplies	500		500		500
Textbooks	100		100		100
Total Basic Skills/Remedial - Instruction	17,189		17,189	16,497	692
School Sponsored Co-curricular Activities - Instruction					
Salaries of Teachers	3,000		3,000	685	2,315
Total School Sponsored Co-curr. Act. - Instr.	3,000		3,000	685	2,315
School Sponsored Athletics - Athletics					
Salaries of Teachers	3,000	1,600	4,600	2,964	1,636
Other Purchased Services	1,500		1,500	1,415	85
Supplies and Materials	500	(500)			
Total School Sponsored Athletics - Instruction	5,000	1,100	6,100	4,379	1,721
Total Instruction	697,647	4,876	702,523	684,388	18,135
Undistributed Expenditures:					
Instruction					
Tuition - CSSD & Regular Day Schools	166,447	(16,600)	149,847	135,939	13,908
Total Instruction	166,447	(16,600)	149,847	135,939	13,908
Attendance and Social Work Services:					
Salaries	9,835	10	9,845	9,830	15
Total Attendance and Social Work Services	9,835	10	9,845	9,830	15
Health Services:					
Salaries	43,437	100	43,537	42,529	1,008
Purch Professional/Technical Services	1,600		1,600	1,600	
Other Purchased Services	500		500	85	415
Supplies and Materials	1,800	(500)	1,300	577	723
Total Health Services	\$ 47,337	\$ (400)	\$ 46,937	\$ 44,791	\$ 2,146

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Support Services-Students-Related Services:					
Purchased Professional/Educational Services	\$ 12,000	\$ 1,176	\$ 13,176	\$ 7,475	\$ 5,701
Total Other Support Serv-Students-Related Services	12,000	1,176	13,176	7,475	5,701
Other Support Services-Students-Extra Services:					
Purchased Professional/Educational Services	2,000		2,000	1,750	250
Total Other Support Serv-Students-Extra Services	2,000		2,000	1,750	250
Other Support Services - Students-Regular:					
Salaries Other Prof Staff					
Total Other Support Services - Students - Regular					
Guidance					
Purchased Professional - Educational Services	9,659	50	9,709	9,576	133
Total Undistributed Services Guidance	9,659	50	9,709	9,576	133
Other Support Services-Students-Child Study Teams:					
Salaries of Secretarial and Clerical Assistants	4,917	200	5,117	5,050	67
Purchased Professional/Educational Services	1,000	544	1,544	1,522	22
Total Other Support Serv-Child Study Teams	5,917	744	6,661	6,572	89
Improvement of Instruction Services:					
Purchased Prof - Ed Services	30,544		30,544	30,544	
Other Purchased Professional and Technical Services		4,669	4,669	3,921	748
Total Improvement of Instruction Services	30,544	4,669	35,213	34,465	748
Educational Media Services/School Library:					
Other Purchased Services	800		800	650	150
Supplies and Materials	1,000		1,000		1,000
Total Educational Media Services/School Library	1,800		1,800	650	1,150
Instructional Staff Training Services:					
Purchased Professional/Educational Services	3,000		3,000	810	2,190
Other Purchased Services	1,000		1,000		1,000
Total Instructional Staff Training Services	\$ 4,000	\$	\$ 4,000	\$ 810	\$ 3,190

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services - General Administration:					
Salaries	\$ 99,480	\$	\$ 99,480	\$ 99,480	\$
Legal Fees	1,000	573	1,573	1,476	97
Audit Fees	12,000		12,000	12,000	
Communications/Telephone	3,000	1,740	4,740	4,118	622
BOE Other Purchased Services	1,500	(469)	1,031	1,031	
Other Purchased Services	6,250	551	6,801	6,347	454
General Supplies	1,000	(11)	989	628	361
BOE Membership Dues and Fees	2,976	(1,190)	1,786	1,781	5
Total Support Services - General Administration	127,206	1,194	128,400	126,861	1,539
Support Services - School Administration:					
Salaries of Secretarial/Clerical Assistants	18,030	500	18,530	18,201	329
Other Purchased Services	500	332	832	831	1
Supplies and Materials	4,600	(1,247)	3,353	2,164	1,189
Total Support Services - School Administration	23,130	(415)	22,715	21,196	1,519
Central Services:					
Purchased Professional Services	28,100		28,100	27,800	300
Purchased Technical Services	3,500		3,500	3,500	
Supplies and Maintenance	600		600	564	36
Total Central Services	32,200		32,200	31,864	336
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	34,700	22,147	56,847	50,917	5,930
Total Required Maintenance for School Facilities	34,700	22,147	56,847	50,917	5,930
Other Operation and Maintenance of Plant Services:					
Salaries	54,819	4,900	59,719	59,467	252
Purchased Professional/Technical Services	14,100	10,267	24,367	18,816	5,551
Cleaning, Repair and Maintenance Services	14,876	11,184	26,060	24,140	1,920
Other Purchased Property Services	5,000	219	5,219	4,850	369
Insurance	14,000	(4,950)	9,050	9,042	8
Miscellaneous Purchased Services	1,000		1,000	849	151
General Supplies	5,500	(1,431)	4,069	3,444	625
Energy (Electricity)	23,000	3,446	26,446	24,334	2,112
Energy (Oil)	22,000	6,600	28,600	28,050	550
Total Other Operation and Maint. of Plant Services	154,295	30,235	184,530	172,992	11,538
Total Operation and Maintenance of Plant Services	\$ 188,995	\$ 52,382	\$ 241,377	\$ 223,909	\$ 17,468

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Student Transportation Services:	\$	\$	\$	\$	\$
Sal. For Pupil Trans (Bet Home & School) - Reg	50,982	4,287	55,269	54,935	334
Sal. Pupil Transport. (Bet Home & School) Spec. Ed.	20,901	4,013	24,914	23,991	923
Sal. Pupil Transport. (Other than Bet Home & School)	8,000	(2,000)	6,000	3,688	2,312
Management Fee - ESC & CTSA Trans. Program	1,800	(1,800)			
Other Purchased Professional/Technical Services	3,900	200	4,100	4,100	
Cleaning, Repair and Maintenance Services	12,000	10,389	22,389	21,869	520
Contracted Services (Betw Home & Sch) - Joint Agree		2,500	2,500	1,000	1,500
Contracted Services - Aid in Lieu of Payments	7,956	(2,280)	5,676	5,672	4
Miscellaneous Purchased Services - Transportation	12,800	5	12,805	12,800	5
Supplies and Materials	37,000	(3,151)	33,849	32,735	1,114
Total Student Transportation Services	155,339	12,163	167,502	160,790	6,712
Regular Programs - Instruction - Employee Benefits					
Social Security Contributions	3,286	15,652	18,938	17,882	1,056
Other Retirement Contributions - PERS	19,033	(80)	18,953	16,159	2,794
Workmen's Compensation	5,531	9,916	15,447	15,442	5
Health Benefits	214,783	82,375	297,158	270,300	26,858
Other Employee Benefits	5,000		5,000	3,771	1,229
Total Unallocated Benefits	247,633	107,863	355,496	323,554	31,942
Special Programs - Instruction - Employee Benefits					
Workman's Compensation	1,819	(1,819)			
Health Benefits	19,130	(19,130)			
Total Special Programs - Instruction	20,949	(20,949)			
Attendance and Social Work Services - Employee Benefits					
Social Security Contributions	891	(891)			
Workman's Compensation	134	(134)			
Health Benefits	6,034	(6,034)			
Total Attendance and Social Work Services	7,059	(7,059)			
Health Services - Employee Benefits					
Workman's Compensation	596	(596)			
Health Benefits	22,835	(22,835)			
Total Health Services	\$ 23,431	\$ (23,431)	\$	\$	

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Supp Serv-Child Study Teams-Employee Benefits					
Social Security Contributions	\$ 297	\$ (297)		\$	\$
Workman's Compensation	45	(45)			
Health Benefits	2,012	(2,012)			
Total Other Supp Serv - Child Study Team	2,354	(2,354)			
Support Serv - Gen Administration - Employee Benefits					
Social Security Contributions	425	(425)			
Workman's Compensation	363	(363)			
Health Benefits	15,087	(15,087)			
Total Support Services - General Administration	15,875	(15,875)			
Support Serv - School Administration - Employee Benefits					
Social Security Contributions	1,484	(1,484)			
Workman's Compensation	223	(223)			
Health Benefits	9,696	(9,696)			
Total Support Services - School Administration	11,403	(11,403)			
Operation and Maintenance of Plant Serv - Employee Benefits					
Social Security Contributions	3,877	(3,877)			
Workman's Compensation	2,715	(2,715)			
Health Benefits	21,625	(21,625)			
Total Operation and Maintenance of Plant Serv	28,217	(28,217)			
Student Transportation Services - Employee Benefits					
Social Security Contributions	5,678	(5,678)			
Workman's Compensation	3,941	(3,941)			
Total Transportation Services	9,619	(9,619)			
Total Allocated Benefits	366,540	(11,044)	355,496	323,554	31,942
On-Behalf TPAF Post Retirem. Medical Contrib.(Non-budgeted)				50,243	(50,243)
On-Behalf TPAF Non-Contributory Ins. (Non-budgeted)				30,642	(30,642)
Reimbursed TPAF Soc. Sec. Contrib. (Non-budgeted)				58,316	(58,316)
Total Undistributed Expenditures	1,182,949	43,929	1,226,878	1,279,233	(52,355)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 1,880,596	\$ 48,805	\$ 1,929,401	\$ 1,963,621	\$ (34,220)

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment					
School Buses - Regular					
Total Undistributed Expenditures					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	1,139		1,139	739	400
Total Facilities Acquisition and Construction Services	1,139		1,139	739	400
Total Assets Acquired Under Capital Leases (non-budgeted)				88,613	88,613
TOTAL CAPITAL OUTLAY	1,139		1,139	89,352	89,013
TOTAL EXPENDITURES	1,881,735	48,805	1,930,540	2,052,973	54,793
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(51,152)	(48,805)	(99,957)	(65,035)	212,148
Other Financing Sources (Uses):					
Closeout of Capital Project				72,747	72,747
Transfer to Aftercare Program				(2,198)	(2,198)
Proceeds from Capital Lease				88,613	88,613
Transfer to Food Service	(15,000)	1,500	(13,500)	(860)	12,640
Total Other Financing Sources	(15,000)	1,500	(13,500)	158,302	171,802
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(66,152)	(47,305)	(113,457)	93,267	383,950
Fund Balances, July 1	349,406		349,406	349,406	
Fund Balances, June 30	\$ 283,254	\$ (47,305)	\$ 235,949	\$ 442,673	\$ 383,950

RECAPITULATION :

Restricted Fund Balance:

Capital Reserve	\$ 39,608
Capital Reserve - Designated for Subsequent Year's Expenditures	34,000
Excess Surplus	46,383

Assigned Fund Balance:

Year - End Encumbrances	10,837
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Assigned Fund Balance:

Designated for Subsequent Year's Expenditures	61,000
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Unassigned Fund Balance

250,845

442,673

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis	(73,045)
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Fund Balance per Governmental Funds (GAAP)

\$ 369,628

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 63,035	\$ 12,743	\$ 75,778	\$ 76,216	\$ 438
State Sources	32,879	8,355	41,234	20,241	(20,993)
Other					
Total Revenues	95,914	21,098	117,012	96,457	(20,555)
EXPENDITURES:					
Instruction					
Salaries of Teachers	15,175		15,175	15,175	-
Other Salaries		3,000	3,000	1,260	(1,740)
Purchased Professional and Technical Services	17,460	3,896	21,356	14,631	(6,725)
General Supplies	6,527	4,826	11,353	10,168	(1,185)
Textbooks	6,527		6,527	6,494	(33)
Other Purchased Services	11,961		11,961	9,963	(1,998)
Total Instruction	57,650	11,722	69,372	57,691	(11,681)
Support Services					
Salaries of Teachers					
Employee Benefits	4,401		4,401	2,892	(1,509)
Purchased Professional Educational Services	33,863	5,032	38,895	35,874	(3,021)
Other Purchased Services		4,344	4,344		(4,344)
Total Support Services	38,264	9,376	47,640	38,766	(8,874)
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Constr. Serv.					
Total Expenditures	95,914	21,098	117,012	96,457	(20,555)
Other Financing Sources (Uses)					
Total Outflows	95,914	21,098	117,012	96,457	(20,555)
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 1,987,938	[C-2] \$ 96,457
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	72,948	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(73,045)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 1,987,841	[B-2] \$ 96,457
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,052,973	[C-2] \$ 96,457
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 2,052,973	[B-2] \$ 96,457

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

EXHIBIT E-1
(1)

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	NCLB		Sub-Total Per E-1(2)	Sub-Total Per E-1(3)	Totals	
	Title I 2013-14	Title II A			2014	2013
REVENUES:						
Federal Sources	\$ 19,327	\$ 2,011	\$ 54,878	\$	\$ 76,216	\$ 80,543
State Sources			2,265	17,976	20,241	31,096
Total Revenues	19,327	2,011	57,143	17,976	96,457	111,639
EXPENDITURES:						
Instruction:						
Salaries of Teachers	15,175				15,175	15,041
Other Salaries	1,260				1,260	1,660
Purchased Professional and Technical Services			3,149	11,482	14,631	23,193
General Supplies			10,168		10,168	3,516
Textbooks				6,494	6,494	6,443
Other Purchased Serv.			9,963		9,963	16,172
Total Instruction	16,435		23,280	17,976	57,691	66,025
Support Services:						
Employee Benefits	2,892				2,892	8,667
Purchased Professional Educational Services		2,011	33,863		35,874	36,061
Other Purchased Services						886
Total Support Services	2,892	2,011	33,863		38,766	45,614
Facilities Acquisition/Construction:						
Instructional Equipment						
Total Facilities Acquisition/Construction						
Total Expenditures	\$ 19,327	\$ 2,011	\$ 57,143	\$ 17,976	\$ 96,457	\$ 111,639

EXHIBIT E-1
(2)

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	<u>IDEA</u>			<u>Character</u>	<u>Totals</u>
	<u>Basic</u>	<u>Preschool</u>	<u>REAP</u>	<u>Grant</u>	<u>2014</u>
	<u>Flow-</u>	<u>Program</u>			
	<u>Through</u>				
REVENUES:					
Federal Sources	\$ 43,056	\$ 770	\$ 11,052		\$ 54,878
State Sources				2,265	2,265
Total Revenues	43,056	770	11,052	2,265	57,143
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Other Salaries					
Purchased Professional and Technical Services			884	2,265	3,149
General Supplies			10,168		10,168
Textbooks					
Other Purchased Serv.	9,963				9,963
Total Instruction	9,963		11,052	2,265	23,280
Support Services:					
Employee Benefits					
Purchased Professional Educational Services	33,093	770			33,863
Other Purchased Services					
Total Support Services	33,093	770			33,863
Facilities Acquisition/Construction:					
Instructional Equipment					
Total Facilities Acquisition/Construction					
Total Expenditures	\$ 43,056	\$ 770	\$ 11,052	2,265	\$ 57,143

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	<u>N.J. Nonpublic Nursing</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Technology Aid</u>	<u>Totals 2014</u>
REVENUES:				
Federal Sources	\$	\$	\$	\$
State Sources	9,187	6,494	2,295	17,976
Total Revenues	9,187	6,494	2,295	17,976
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries				
Purchased Professional and Technical Services	9,187		2,295	11,482
General Supplies				
Textbooks		6,494		6,494
Other Purchased Services				
Total Instruction	9,187	6,494	2,295	17,976
Support Services:				
Employee Benefits				
Purchased Educational Services				
Other Purchased Services				
Total Support Services				
Facilities Acquisition/Construction:				
Instructional Equipment				
Total Facilities Acquisition/Construction				
Total Expenditures	\$ 9,187	\$ 6,494	\$ 2,295	\$ 17,976

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Project Closeout/ Cancellation</u>	<u>Unexpended Balance June 30, 2014</u>
			<u>Prior Years</u>	<u>Current Year</u>		
NJEFCFA Grant Boiler Replacement	2/26/09	\$ 321,936 \$	202,531 \$		\$ (119,405) \$	-
		\$ 321,936 \$	202,531 \$		\$ (119,405) \$	-

EXHIBIT F-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Revenues and Other Financing
Sources**

State Sources - EFCFA Grant	\$	
Miscellaneous		8,976
		<hr/>
Total revenues		8,976
		<hr/>

**Expenditures and Other Financing
Uses**

Purchased Professional and Technical Services		
Construction Services		
		<hr/>
Total Expenditures		
		<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures		8,976
Fund Balance - Beginning		63,771
Less: Closeout Adjustment		(72,747)
		<hr/>
Fund Balance - Ending	\$	-
		<hr/> <hr/>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Closeout Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	\$ 94,364	\$ 8,976	\$ 103,340	\$ 149,998
Transfer from Capital Outlay	130,939	(31,748)	99,191	130,939
Transfer from Capital Reserve	40,999	(40,999)	-	40,999
Total Revenues	<u>266,302</u>	<u>(63,771)</u>	<u>202,531</u>	<u>321,936</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	8,015		8,015	10,000
Construction Services	194,516		194,516	311,936
Total Expenditures	<u>202,531</u>		<u>202,531</u>	<u>321,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 63,771</u>	<u>\$ (63,771)</u>	<u>\$ -</u>	<u>\$</u>

Additional Project Information:

Project Number	5070-050-09-1001
Grant Date/Letter of Notification	April 26, 2009
Original Authorized Cost	\$ 321,936
Project Cancellation	
Revised Authorized Cost	321,936
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original Target Completion Date	10/15/2009
Revised Target Completion Date	10/15/2009

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2014 AND 2013

	Food Service Fund	After School Childcare	Total	
			2014	2013
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 8,603	\$	\$ 8,603	\$ 14,821
Accounts Receivable:				
State	114		114	59
Federal	2,952		2,952	878
Interfund Receivable	3,935	1,048	4,983	2,998
Other	1,904	1,132	3,036	10,135
Inventories	1,653		1,653	1,687
Total Current Assets	19,161	2,180	21,341	30,578
Fixed Assets:				
Equipment	35,147		35,147	35,147
Accumulated Depreciation	(29,320)		(29,320)	(28,855)
Total Fixed Assets	5,827		5,827	6,292
Total Assets	24,988	2,180	27,168	36,870
LIABILITIES:				
Current Liabilities:				
Accounts Payable	3,546	2,125	5,671	3,374
Unearned Revenue	623	55	678	253
Total Current Liabilities	4,169	2,180	6,349	3,627
Total Liabilities	4,169	2,180	6,349	3,627
NET POSITION:				
Investment in Fixed Assets	5,827		5,827	6,292
Unrestricted	14,992	-	14,992	26,951
Total Net Position	\$ 20,819	\$ -	\$ 20,819	\$ 33,243

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:					
Local Sources:					
Food Sales Reimbursable Programs	\$ 15,496	\$	\$ 15,496	\$	15,782
Food Sales Non-Reimbursable Programs	28,720		28,720	25,167	
After School Childcare Fees		10,138	10,138	8,848	
Total Operating Revenue	44,216	10,138	54,354	49,797	
OPERATING EXPENSES:					
Salaries	24,637	13,532	38,169	37,279	
Supplies and Materials	6,813	2,000	8,813	10,185	
Cost of Sales	27,836		27,836	25,092	
Management Fee	12,500		12,500	12,500	
Miscellaneous	1,312	765	2,077	3,071	
Depreciation	465		465	751	
Total Operating Expenses	73,563	16,297	89,860	88,878	
Operating Income/(Loss)	(29,347)	(6,159)	(35,506)	(39,081)	
NON-OPERATING REVENUES:					
State Sources:					
State School Lunch Program	489		489	515	
Federal Sources:					
National School Lunch Program	13,778		13,778	13,462	
School Breakfast Program	1,552		1,552	1,905	
Food Distribution Program	4,127		4,127	5,603	
Prior Year Order Adjustment					
Interest	78		78	172	
Total Non-Operating Revenues	20,024		20,024	21,657	
Change in Net Assets Before Operating Transfers					
In/(out)	(9,323)	(6,159)	(15,482)	(17,424)	
Operating Transfer In - General Fund	860	2,198	3,058	9,000	
Fixed Asset Adjustment				(3,527)	
Net (Loss) Income	(8,463)	(3,961)	(12,424)	(11,951)	
Net Position - July 1	29,282	3,961	33,243	45,194	
Net Position - June 30	\$ 20,819	\$ -	\$ 20,819	\$ 33,243	

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2014

	Food Service Fund	After School Childcare	Total	
			2014	2013
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (29,347)	\$ (6,159)	\$ (35,506)	\$ (39,081)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	465		465	751
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	(2,129)		(2,129)	(484)
Decrease/(Increase) in Interfund Receivable	(937)	(1,048)	(1,985)	5,282
Decrease/(Increase) in Other Program Fees Receivable	6,947	152	7,099	(7,700)
Decrease/(Increase) in Inventory	34		34	577
Increase/(Decrease) in Accounts Payable	172	2,125	2,297	(19,825)
Increase/(Decrease) in Unearned Revenue	370	55	425	(760)
Net Cash Used by Operating Activities	(24,425)	(4,875)	(29,300)	(61,240)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund	860	2,198	860	9,000
Cash Received from State and Federal Reimbursements	19,946		19,946	21,485
Net Cash Provided by Noncapital Financing Activities	20,806	2,198	20,806	30,485
Net Cash Used by Capital Financing Activities				
Purchase of Fixed Assets				
Net Cash Used by Capital Financing Activities				
Cash Flows from Investing Activities				
Interest and Dividends	78		78	172
Net Cash Provided from Investing Activities	78		78	172
Net Increase (Decrease) in Cash	(3,541)	(2,677)	(8,416)	(30,583)
Cash and Cash Equivalents, July 1	12,144	2,677	14,821	45,404
Cash and Cash Equivalents, June 30	\$ 8,603	\$ 0	\$ 6,405	\$ 14,821

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	<u>Trust Funds</u>		<u>Agency Funds</u>			
	<u>Unemployment Compensation Trust</u>		<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>	
					<u>2014</u>	<u>2013</u>
ASSETS:						
Cash and Cash Equivalents	\$	24,445	\$	17,352	\$	63,132
Due from General Fund				1,000		1,000
Due from Payroll Agency Account		2,527				2,527
						5,398
Total Assets	\$	26,972	\$	18,352	\$	66,659
						69,664
LIABILITIES AND NET POSITION:						
Liabilities:						
Due to Student Groups	\$		\$	18,352	\$	18,352
Accounts Payable						17,373
Payroll Deductions and Withholdings				1,876		860
Interfunds Accounts Payable						3,365
Unemployment Trust				2,527		2,527
General Fund				16,932		16,932
						5,398
						12,937
Total Liabilities			\$	18,352	\$	39,687
						39,933
NET POSITION:						
Held in Trust for Unemployment Claims and Other Purposes	\$	26,972			\$	26,972
						29,731

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 7,884
Total Contributions	<u>7,884</u>
Investments and Earnings:	
Interest	<u>106</u>
Total Additions	<u>7,990</u>
DEDUCTIONS:	
Unemployment Claims	<u>10,749</u>
Total Deductions	<u>10,749</u>
Change in Net Position	(2,759)
Net Position - July 1	<u>29,731</u>
Net Position - June 30	<u><u>\$ 26,972</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1,</u> <u>2013</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2014</u>
ELEMENTARY SCHOOL	\$ 17,373	\$ 27,325	\$ 26,346	\$	\$ 18,352
Principal's Fund				\$	2,252
National Jr. Honor Society					(75)
Swimming Program Fund					2,305
Music Fund					2,658
Class of 2017					616
Class of 2016					885
Class of 2015					1,422
Class of 2014					(721)
Sport					29
Safety Patrol					412
Yearbook					7,150
Student Council					1,419
Total				\$	<u>18,352</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Issue</u>		<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2014</u>
2013-14	School Bus	\$ 88,613	2.248%	\$	\$ 88,613	\$	\$ 88,613
				\$	\$ 88,613	\$	\$ 88,613

STATISTICAL SECTION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 56,500	\$ 80,830	\$ 85,166	\$ 144,484	\$ 150,824	\$ 302,540	\$ 336,802	\$ 185,061	\$ 258,635	\$ 232,210
Restricted	115,345	158,538	121,810	80,709	191,860	60,638	169,241	112,204	130,784	191,828
Unrestricted	46,513	48,293	125,110	209,719	113,740	130,399	29,293	116,671	171,636	131,736
Total Governmental Activities Net Position	<u>\$ 218,358</u>	<u>\$ 287,661</u>	<u>\$ 332,086</u>	<u>\$ 434,912</u>	<u>\$ 456,424</u>	<u>\$ 493,577</u>	<u>\$ 535,336</u>	<u>\$ 413,936</u>	<u>\$ 561,055</u>	<u>\$ 555,774</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 3,820	\$ 3,007	\$ 2,194	\$ 1,380	\$ 6,877	\$ 11,791	\$ 10,555	\$ 10,570	\$ 6,292	\$ 5,827
Unrestricted	21,389	18,944	24,267	14,358	17,558	23,407	43,594	34,624	26,951	14,992
Total Business-Type Activities Net Position	<u>\$ 25,209</u>	<u>\$ 21,951</u>	<u>\$ 26,461</u>	<u>\$ 15,738</u>	<u>\$ 24,435</u>	<u>\$ 35,198</u>	<u>\$ 54,149</u>	<u>\$ 45,194</u>	<u>\$ 33,243</u>	<u>\$ 20,819</u>
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 60,320	\$ 83,837	\$ 87,360	\$ 145,864	\$ 157,701	\$ 314,331	\$ 347,357	\$ 195,631	\$ 264,927	\$ 238,037
Restricted	115,345	158,538	121,810	80,709	191,860	60,638	169,241	112,204	130,784	191,828
Unrestricted	67,902	67,237	149,377	224,077	131,298	153,806	72,887	151,295	198,587	146,728
Total District-Wide Net Position	<u>\$ 243,567</u>	<u>\$ 309,612</u>	<u>\$ 358,547</u>	<u>\$ 450,650</u>	<u>\$ 480,859</u>	<u>\$ 528,775</u>	<u>\$ 589,485</u>	<u>\$ 459,130</u>	<u>\$ 594,298</u>	<u>\$ 576,593</u>

Source: CAFR Schedule A-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 597,167	500,279	614,645	693,576	700,303	685,746	544,178	650,999	690,312	675,387
Special Education	58,283	102,397	106,534	93,821	98,432	46,173	45,708	46,051	48,241	49,904
Other				40,410	52,256	33,314	106,330	68,979	24,156	21,561
Support Services										
Tuition	121,266	140,324	141,014	50,199	52,635	155,839	119,491	86,775	105,008	135,939
Student and Instruction Related Services	140,743	169,051	136,256	126,371	123,791	155,446	145,602	138,026	143,281	151,793
General Administrative Services	114,061	120,558	115,867	119,487	119,369	103,971	120,182	121,536	127,700	127,614
School Administrative Services	13,616	16,726	15,889	26,261	24,091	22,458	24,544	21,520	24,683	21,196
Central Services	35,426	34,911	35,681	37,382	35,603	32,838	28,267	26,671	30,388	31,864
Plant Operations and Maintenance	144,333	143,272	139,736	146,439	196,026	173,289	172,945	160,286	162,888	224,106
Pupil Transportation	132,315	86,196	110,248	114,194	106,019	112,227	144,566	167,708	175,279	182,231
Other Support Services	361,569	420,668	481,753	499,114	401,786	439,145	377,227	468,029	484,309	473,902
Unallocated depreciation	7,446	10,402	10,019	17,723	32,939	38,567	46,037	5,016		
Total Governmental Activities Expenses	1,726,225	1,744,784	1,907,642	1,964,977	1,943,250	1,999,013	1,875,077	1,961,596	2,016,245	2,095,497
Business-Type Activities										
Food Service	75,529	76,047	80,596	74,689	94,910	92,516	79,837	84,521	72,652	73,563
Child Care	13,148	14,150	12,083	13,574	13,798	16,831	14,678	15,540	16,226	16,297
Total Business-Type Activities Expense	88,677	90,197	92,679	88,263	108,708	109,347	94,515	100,061	88,878	89,860
Total District Expenses	1,814,902	1,834,981	2,000,321	2,053,240	2,051,958	2,108,360	1,969,592	2,061,657	2,105,123	2,185,357
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	243,194	247,801	327,316	377,118	240,618	214,446	200,495	273,172	259,302	235,658
Total Governmental Activities Program Revenues	243,194	247,801	327,316	377,118	240,618	214,446	200,495	273,172	259,302	235,658
Business-Type Activities										
Charges for Services										
Food Service	29,391	43,335	44,613	30,145	45,470	50,432	51,500	47,285	40,949	44,216
Child Care	18,592	11,254	15,110	13,732	10,213	17,236	15,367	14,038	8,848	10,138
Operating Grants and Contributions	25,110	24,502	21,885	22,663	28,655	29,187	29,961	21,520	21,485	19,946
Total Business-Type Activities Program Revenues	73,093	79,091	81,608	66,540	84,338	96,855	96,828	82,843	71,282	74,300
Total District Program Revenues	316,287	326,892	408,924	443,658	324,956	311,301	297,323	356,015	330,584	309,958
Net (Expense)/Revenue										
Governmental Activities	(1,483,031)	(1,496,983)	(1,580,326)	(1,587,859)	(1,702,632)	(1,784,567)	(1,674,582)	(1,688,424)	(1,756,943)	(1,859,839)
Business-Type Activities	(15,584)	(11,106)	(11,071)	(21,723)	(24,370)	(12,492)	2,313	(17,218)	(17,596)	(15,560)
Total District-Wide Net Expense	(1,498,615)	(1,508,089)	(1,591,397)	(1,609,582)	(1,727,002)	(1,797,059)	(1,672,269)	(1,705,642)	(1,774,539)	(1,875,399)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	573,750	681,791	772,579	803,479	835,492	858,692	880,526	880,526	892,135	956,810
Unrestricted Grants and Contributions	791,238	810,355	815,246	849,369	848,581	973,255	798,174	863,689	825,109	830,696
Restricted Grants, Tuition and Contributions	20,319	4,095								
Tuition Received		29,332	15,200	12,440	11,440	4,465	7,545	2,880	1,600	3,200
Transportation Fees Received		17,307	1,890	4,500	882	6,408	31,500	32,130	33,750	34,425
Investment Earnings		1,571	15,811	9,206	1,258					
Miscellaneous Income	14,965	11,838	4,669	27,499	19,460	2,155	3,649	10,151	36,053	32,485
Donated Capital Assets		16,998	14,355							
Prior Year Adjustment				(4,808)	33,621			(215,693)		
Transfers	(17,814)	(7,000)	(15,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	(3,058)
Total Governmental Activities	1,382,458	1,566,287	1,624,750	1,690,685	1,724,144	1,821,720	1,716,341	1,567,024	1,779,647	1,854,558
Business-Type Activities										
Investment and Miscellaneous Earnings	563	848	581		6,477		11,585	1,604	172	78
Fixed Asset Adjustment									(3,527)	
Transfers	46,261	7,000	15,000	11,000	26,590	23,255	5,053	6,659	9,000	3,058
Total Business-Type Activities	46,824	7,848	15,581	11,000	33,067	23,255	16,638	8,263	5,645	3,136
Total District-Wide	1,429,282	1,574,135	1,640,331	1,701,685	1,757,211	1,844,975	1,732,979	1,575,287	1,785,292	1,857,694
Change in Net Position										
Governmental Activities	(100,573)	69,304	44,424	102,826	21,512	37,153	41,759	(121,400)	22,704	(5,281)
Business-Type Activities	31,240	(3,258)	4,510	(10,723)	8,697	10,763	18,951	(8,955)	(11,951)	(12,424)
Total District-Wide	\$ (69,333)	66,046	48,934	92,103	30,209	47,916	60,710	(130,355)	10,753	(17,705)

Source: CAFR Schedule A-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted	\$ 109,862	\$ 153,055	\$ 117,207	\$ 99,018	\$ 99,904	\$ 12,216	\$ 112,084	\$ 62,732	\$ 114,318	
Capital Reserve Account										73,608
Excess Surplus										46,383
Assigned:										
Year-end Encumbrances										10,837
Subsequent Year's Expenditures										61,000
Unassigned	60,513	62,293	135,610	225,518	229,480	144,704	54,516	139,261	162,140	177,800
Total General Fund	<u>\$ 170,375</u>	<u>\$ 215,348</u>	<u>\$ 252,817</u>	<u>\$ 324,536</u>	<u>\$ 329,384</u>	<u>\$ 156,920</u>	<u>\$ 166,600</u>	<u>\$ 201,993</u>	<u>\$ 276,458</u>	<u>\$ 369,628</u>
All Other Governmental Funds										
Restricted	\$ 5,688	\$ 5,688	\$ 4,808	\$	\$	\$ 63,771	\$ 63,771	\$ 63,771	\$ 63,771	
Unrestricted, Reported in:										
Special Revenue Fund	(205)	(205)	(205)	(980)						
Total All Other Governmental Funds	<u>\$ 5,483</u>	<u>\$ 5,483</u>	<u>\$ 4,603</u>	<u>\$ (980)</u>	<u>\$ -</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>	

Source: CAFR Schedule B-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	\$ 573,750	\$ 681,791	\$ 772,579	\$ 803,479	\$ 835,492	\$ 858,692	\$ 880,526	\$ 880,526	\$ 892,135	\$ 956,810
Tuition Charges		29,332	15,200	12,440	11,440	4,465	7,545	2,880	1,600	3,200
Transportation Charges				4,500	882	6,408	31,500	32,130	33,750	34,425
Interest Earnings		17,307	1,890	9,206	1,258					
Miscellaneous	14,965	13,409	20,480	27,499	19,460	2,155	3,649	10,151	36,053	32,485
Local Sources			1,520	963	729					
State Sources	1,007,725	1,011,083	1,068,380	1,142,875	1,011,171	1,018,738	928,143	982,074	1,003,868	990,138
Federal Sources	47,025	51,169	72,662	82,649	77,299	168,963	70,526	154,787	80,543	76,216
Total Revenues	1,643,465	1,804,091	1,952,711	2,083,611	1,957,731	2,059,421	1,921,889	2,062,548	2,047,949	2,093,274
Expenditures										
Instruction										
Regular Instruction	600,667	500,279	614,665	693,576	700,303	685,746	544,178	636,653	652,809	670,614
Special Education Instruction	58,283	102,397	106,534	93,821	98,432	46,173	45,708	46,051	48,241	49,904
Other Instruction				40,410	52,256	33,314	106,330	68,979	24,156	21,561
Support Services										
Tuition	121,265	140,324	141,014	50,199	52,635	155,839	119,491	86,775	105,008	135,939
Student and Instruction Related Services	140,743	169,051	136,256	126,371	123,791	155,446	145,602	138,026	143,281	151,793
General Administration	114,061	120,558	115,867	119,487	119,369	103,971	120,182	121,040	126,856	126,861
School Administrative Services	13,616	16,726	15,889	26,261	24,091	22,458	24,544	21,520	24,683	21,196
Central Services	35,426	34,911	35,681	37,382	35,603	32,838	28,267	26,671	30,388	31,864
Plant Operations and Maintenance	144,333	143,272	139,735	146,439	196,026	173,289	172,945	158,069	161,339	223,909
Pupil Transportation	132,315	86,196	110,248	114,194	106,019	112,227	144,566	150,626	155,315	160,790
Employee Benefits	361,569	420,668	485,253	476,486	411,130	421,027	380,648	461,341	491,669	465,647
Other										
Capital Outlay	47,098	17,735		77,041	5,658	202,531	74,695	104,745	739	89,352
Total Expenditures	1,769,376	1,752,117	1,901,142	2,001,667	1,925,313	2,144,859	1,907,156	2,020,496	1,964,484	2,149,430
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(125,911)	51,974	51,569	81,944	32,418	(85,438)	14,733	42,052	83,465	(56,156)
Other Financing Sources (Uses)										
Transfers Out	(18,553)	(17,814)	(7,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	(3,058)
Proceeds from capital Lease										88,613
Prior Year Adjustment				(4,808)						
Total Other Financing Sources (Uses)	(18,553)	(17,814)	(7,000)	(15,808)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	85,555
Net Change in Fund Balances	\$ (144,464)	\$ 34,160	\$ 44,569	\$ 66,136	\$ 5,828	\$ (108,693)	\$ 9,680	\$ 35,393	\$ 74,465	\$ 29,399
Debt Service as a Percentage of										
Noncapital Expenditures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: CAFR Schedule B-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transport- ation	Prior Year Revenue	Cell Tower Rent	Prior Year Refunds	Misc.	Total
2014	\$ 1,783	\$ 3,200	\$ 34,425	\$	\$ 20,000	\$	\$ 1,726	\$ 61,134
2013		1,600	33,750	32,795			3,258	71,403
2012	2,618	2,880	32,130			4,447	3,086	45,161
2011	945	7,545	31,500				2,704	42,694
2010		4,465	6,408			4,151	(1,996)	13,028
2009	1,258	11,440	882	1,600		17,244	616	33,040
2008	9,206	12,440	4,500	2,700		19,138	5,661	53,645
2007	15,811			1,860			2,809	20,480
2006	8,893			2,026			2,490	13,409
2005	5,164			8,509			1,292	14,965

Source: District Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2014	\$ 1,119,400	\$ 47,383,300	\$ 26,179,900	\$ 3,413,400	\$ 2,734,900	\$ 80,830,900	\$ 215,848	\$ 81,046,748	\$ 2.023	\$ 115,401,742
2013	996,700	47,099,200	26,219,400	3,435,700	2,902,500	80,653,500	281,783	80,935,283	1.969	119,904,123
2012	1,091,300	47,050,600	26,309,400	3,440,200	2,886,000	80,777,500	338,097	81,115,597	1.813	112,224,124
2011	1,230,300	47,044,200	26,049,000	3,471,300	3,137,300	80,932,100	332,500	81,264,600	1.826	119,487,463
2010	755,100	46,201,700	26,181,100	3,512,000	3,174,300	79,824,200	395,286	80,219,486	1.836	116,943,556
2009	784,000	46,218,400	25,864,600	3,490,100	3,177,900	79,535,000	453,399	79,988,399	1.687	113,537,433
2008	1,271,800	45,836,900	25,543,500	3,443,100	3,212,900	79,308,200	537,015	79,845,215	1.570	87,920,303
2007	819,800	45,232,800	25,375,700	3,501,600	3,212,900	78,142,800		78,142,800	1.023	95,076,364
2006	763,500	44,458,100	24,880,500	3,509,700	2,617,300	76,229,100		76,229,100	1.008	86,625,829
2005	823,000	43,662,000	25,042,400	3,476,200	2,708,600	75,712,200		75,712,200	0.894	80,587,911

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

* Estimate

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Stow Creek Township and Regional Boards of Education				Overlapping Rates			
Year Ended June 30,	Basic Rate ^a	General Obligation Debt Service ^b	Total District	Stow Creek Township	Cumberland County	REAP Credit	Total
2014	\$ 2.023	\$ 0.000	\$ 2.023	\$ 0.233	\$ 1.484		\$ 3.740
2013	1.969	0.000	1.969	0.224	1.467		3.660
2012	1.813	0.000	1.813	0.218	1.324		3.355
2011	1.826	0.000	1.826	0.211	1.411		3.448
2010	1.836	0.000	1.836	0.208	1.451		3.495
2009	1.687	0.000	1.687	0.200	1.274		3.161
2008	1.023	0.000	1.570	0.178	1.050	0.710	3.508
2007	1.008	0.000	1.023	0.144	1.195	0.710	3.072
2006	0.894	0.000	1.008	0.144	1.174	0.751	3.077
2005	0.771	0.000	0.894	0.090	1.100	0.737	2.821

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer #1	\$ 774,600	0.85%	\$	
Farm-Rite	650,000	0.67%		
Taxpayer #2	526,100	0.62%		
Taxpayer #3	457,000	0.61%		
Taxpayer #4	423,700	0.60%		
Taxpayer #5	370,300	0.58%		
Taxpayer #6	332,900	0.54%		
Taxpayer #7	321,900	0.49%	Not Available	
Taxpayer #8	317,400	0.48%		
Taxpayer #9	314,500	0.46%		
Total	\$ 4,488,400	5.90%	\$ -	-

Source: District CAFR & Municipal Tax Assessor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
			Amount	% of Levy	
2014	\$	956,810	\$ 956,810	100%	\$
2013		892,135	892,135	100%	
2012		880,526	880,526	100%	
2011		880,526	880,526	100%	
2010		858,692	858,692	100%	
2009		835,492	835,492	100%	
2008		803,479	803,479	100%	
2007		772,579	772,579	100%	
2006		681,791	681,791	100%	
2005		573,750	573,750	100%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, the amount voted upon or certified prior to the end of the school year.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

N/A

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^u	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2013	\$	\$	\$	\$	\$			\$
2012								
2011								
2010								
2009								
2008								
2007								
2006								
2005								
2004								

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

N/A

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$	\$	\$	\$	\$
2012					
2011					
2010					
2009					
2008					
2007					
2006					
2005					
2004					

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Stow Creek	\$	100%	\$
Other debt			
County of Cumberland - Township's share	65,661,474	1.291%	847,451
Cumberland Regional School Debt	9,967,000	6.716%	669,369
Subtotal, Overlapping Debt			1,516,819
Stow Creek Township School District Direct Debt			-
Total Direct and Overlapping Debt			\$ 1,516,819

Sources: Stow Creek Township Finance Officer and Salem County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Stow Creek. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis	
	2013	\$ 114,094,639
	2012	119,670,370
	2011	111,970,255
	[A]	\$ 345,735,264
Average Equalized Valuation of Taxable Property	[A/3]	\$ 115,245,088
Debt Limit (3% of Average Equalization Value)	[B]	3,457,353 a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,457,353

Fiscal Year Ending,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 2,143,676	\$ 2,301,098	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806	\$ 3,540,195	\$ 2,316,406	\$ 3,457,353
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 2,143,676</u>	<u>\$ 2,301,098</u>	<u>\$ 2,536,175</u>	<u>\$ 2,616,690</u>	<u>\$ 3,019,972</u>	<u>\$ 3,358,802</u>	<u>\$ 3,671,806</u>	<u>\$ 3,540,195</u>	<u>\$ 2,316,406</u>	<u>\$ 3,457,353</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	-	-	-	-	-	-	-	-	-

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population ⁽¹⁾	Personal Income (thousands of dollars) (2)	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2014 *	1,441	\$ 53,196,691	\$ 37,286	7.60%
2013	1,435	52,975,192	36,917	10.50%
2012	1,428	52,194,828	36,551	10.80%
2011	1,437	51,099,720	35,560	9.60%
2010	1,433	49,566,037	34,589	8.30%
2009	1,534	51,280,086	33,429	7.80%
2008	1,526	49,953,610	32,735	4.40%
2007	1,529	47,642,111	31,159	3.60%
2006	1,527	45,770,298	29,974	4.00%
2005	1,518	43,540,794	28,683	2.60%

* Estimate

Source:

1 Population information provided by the NJ Dept of Labor and Workforce Development

2 Personal income

3 Per Capita

4 Unemployment data provided by the NJ Dept of Labor and Workforce Development

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2014</u>			<u>2005</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Farm Rite	20	1	N/A	N/A	N/A
Les Fogg Tractors	16	2	N/A	N/A	N/A
Mayhews Greenhouses	* 12	3	N/A	N/A	N/A
Wide Skye Farms	* 12	4	N/A	N/A	N/A
Maelvin R. Dickonson Farms	* 10	5	N/A	N/A	N/A
Cruzans Freightliner	* 10	6	N/A	N/A	N/A
	N/A	7	N/A	N/A	N/A
	N/A	8	N/A	N/A	N/A
	N/A	9	N/A	N/A	N/A
	N/A	10	N/A	N/A	N/A
	<u>80</u>		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

* Number of employees will vary seasonally.

**2004 Not Available at Time of Audit

Source: Direct Observation of School District Individual Employers

N/A Information not available

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	8.0	10.0	10.0	10.5	10.0	10.0	9.7	9.7	9.7	9.7
Special education	3.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Other special Education										
Vocational										
Other Instruction	1.4	1.4	2.6	2.6	2.6	1.0	1.0	1.0	1.0	1.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student & Instruction Related Services	1.0	1.0	1.3	1.3	1.3	1.0	1.0	1.0	1.0	1.0
General Administrative Services										
School Administrative Services	2.5	2.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil Transportation	1.3	1.3	1.5	1.5	1.5	2.0	2.5	2.5	2.5	2.5
Other Support Services										
Contracted Service - Speech			1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Special Schools										
Food Service - Contracted										
Totals	18.7	19.7	22.0	21.8	21.3	18.9	19.1	19.1	19.1	19.1

Source: District Personnel Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/ Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	136	1,734,383	12,753	3.66%	13.0	10.2 to 1	136.0	130.2	-2.72%	95.74%
2006	143	1,901,123	13,295	4.25%	14.0	10.3 to 1	141.8	135.0	4.26%	95.20%
2004	141	1,901,123	13,483	1.42%	13.5	10.6 to 1	142.6	135.5	0.56%	95.02%
2008	138	1,924,626	13,947	3.44%	14.1	9.8 to 1	137.3	95.7	-3.72%	69.70%
2009	137	1,919,655	14,012	0.47%	14.6	9.4 to 1	136.6	131.0	-0.51%	95.90%
2010	134	1,942,328	14,495	3.45%	12.0	11.2 to 1	134.0	127.0	-1.90%	94.78%
2011	133	1,832,461	13,778	-4.95%	11.7	11.4 to 1	133.0	126.0	-0.75%	94.74%
2012	117	1,915,751	16,374	18.84%	11.7	10.3 to 1	117.0	112.0	-12.03%	95.73%
2013	117	1,963,745	16,784	2.51%	11.7	10.3 to 1	117.2	112.8	0.17%	96.25%
2014	116	2,060,078	17,759	5.81%	11.7	10.3 to 1	115.9	111.5	-1.11%	96.20%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>District Building</u>										
<u>Elementary</u>										
Stow Creek Township School (19..)										
Square Feet	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461
Capacity (Students)	191	191	191	191	191	191	191	191	191	191
Enrollment	136	143	141	138	137	134	133	117	117	116

Number of Schools at June 30, 2014
 Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Project #</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Stow Creek Township School	\$	50,917	8,525	\$ 9,425	\$ 18,698	\$ 16,094	\$ 17,419	\$ 17,419	\$ 24,745	\$ 35,289	\$ 29,050
Total School Facilities		<u>50,917</u>	<u>8,525</u>	<u>9,425</u>	<u>18,698</u>	<u>16,094</u>	<u>17,419</u>	<u>17,419</u>	<u>24,745</u>	<u>35,289</u>	<u>29,050</u>
Other Facilities											
Grand Total	\$	<u>50,917</u>	<u>8,525</u>	<u>\$ 9,425</u>	<u>\$ 18,698</u>	<u>\$ 16,094</u>	<u>\$ 17,419</u>	<u>\$ 17,419</u>	<u>\$ 24,745</u>	<u>\$ 35,289</u>	<u>\$ 29,050</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group School Package Policy			
	Blanket Real and Personal Property	\$ 3,133,770	\$ 1,000
	Extra Expense	50,000,000	1,000
	Valuable Papers & Records	10,000,000	1,000
	Flood	10,000,000	500,000
	Earthquake	50,000,000	
	Demolition and Increased Cost of Construction	1,000,000	
	Electronic Data Processing	150,000	1,000
	Boiler & Machinery	100,000,000	5,000
	Commercial General Liability:		
	Aggregate	16,000,000	1,000
	Commercial Automobile Liability	16,000,000	1,000
	Professional Liability Errors & Omissions	6,000,000	5,000
	Professional Liability	100,000/300,000	5,000
	Public Employee Dishonesty - Per Loss & Faithful Performance	25,000	500
	Money and Securities	5,000	500
	Loss of Income	10,000	
Workers Compensation			
	Each Accident	2,000,000	
	Disease per Employee	2,000,000	
	Disease Policy Limit	2,000,000	
Markel Insurance Company			
Student Accident Coverage			
	Accidental Death Principal Sum	10,000	
	Medical Expense	1,000,000	
	Accidental Dismemberment	50,000	
	Accident Medical Expense Benefit	1,000,000	
American International Company - AIG			
Student Accident Coverage			
	Catastrophic Cash Benefit	1,000,000	
C.N.A Surety Surety Bonds			
	Treasurer of School Monies	130,000	
	Board Secretary/Business Administrator	2,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

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October 15, 2014

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Board of Education of the Stow Creek Township Board of Education's basic financial statements and have issued our report thereon dated October 15, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Stow Creek Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stow Creek Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did note one immaterial instance of deficiency in internal control over financial reporting that we have reported to the Board of Education of the Stow Creek Township School District in a separate report entitled, *Auditor's Management Report on Administrative Findings-Financial Compliance and Performance* dated October 15, 2014, labeled Finding 2014-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stow Creek Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the office of School Finance, Department of Education and Regulatory Compliance, State of New Jersey.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Stow Creek Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

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October 15, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF FINANCIAL ASSISTANCE REQUIRED BY
NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08079

Report on Compliance for Each Major Program

We have audited the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2014. The Stow Creek Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Stow Creek Township Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Stow Creek Township Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Stow Creek Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Stow Creek Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Stow Creek Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB's 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek Township School District's Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Stow Creek Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013			Cash Received	Budgetary Expenditures	Adjust - ments	Balance at June 30, 2014		
				From	To	Accounts Receivable	Unearned Revenue	Carry- Over				Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I, Part A	84.010A	NCLB 5070-14	\$ 19,833	7/1/13	6/30/14	\$	\$	\$	15,676	\$ (19,327)	\$	(3,651)	\$	\$
Title I, Part A	84.010A	NCLB 5070-13	28,742	9/1/12	8/31/13	(4,112)			4,112					
Title II, Part A	84.367A	NCLB 5070-14	4,401	7/1/13	6/30/14			1,951	60	(2,011)				
Title II, Part A	84.367A	NCLB 5070-13	5,462	9/1/12	8/31/13		1,951	(1,951)						
I.D.E.A. Part B, Basic Regular	84.027	IDEA507014	43,056	7/1/13	6/30/14				31,627	(43,056)		(11,429)		
I.D.E.A. Part B, Basic Regular	84.027	IDEA507013	59,700	9/1/12	8/31/13	(3,818)			3,818					
I.D.E.A. Part B, Pre-School	84.173	IDEA507014	770	7/1/13	6/30/14				335	(770)		(435)		
Race to the Top	84.413A	RTTT507013	1,951	9/1/11	11/30/15	(1,951)			1,951					
Rural Education	84.358B	S358A093997	21,244	9/1/09	8/31/10		4,926						4,926	
Rural Education	84.358B	S358A103997	21,291	9/1/10	8/31/11		3,467						3,467	
Rural Education	84.358B	S358A113997	19,205	7/1/11	9/30/12		9,554		3,914	(3,914)			9,554	
Rural Education	84.358B	S358A123997	18,708	7/1/12	9/30/13				7,138	(7,138)				
Rural Education	84.358B	S358A133997	16,244	7/1/13	9/30/14									
Total Special Revenue Fund						(9,881)	19,898		68,631	(76,216)		(15,515)	17,947	
Capital Projects Fund :														
NJEFCA Grant	N/A	5070-50-19-1001	149,998	4/26/09	Closing	(94,364)					94,364			
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.565	NA	4,497	7/1/13	6/30/14				4,497	(3,874)			623	
Food Distribution Program	10.565	NA	4,843	7/1/12	6/30/13		253			(253)				
National School Breakfast Program	10.553	NA	1,552	7/1/13	6/30/14				1,164	(1,552)		(388)		
National School Breakfast Program	10.553	NA	1,905	7/1/12	6/30/13	(92)			92					
National School Lunch Program	10.555	NA	13,778	7/1/13	6/30/14				11,214	(13,778)		(2,564)		
National School Lunch Program	10.555	NA	13,462	7/1/12	6/30/13	(786)			786					
Total Enterprise Fund						(878)	253		17,753	(19,457)		(2,952)	623	
Total Federal Financial Assistance						\$(105,123)	\$ 20,151	\$	\$ 86,384	\$ (95,673)	\$ 94,364	\$ (18,467)	\$ 18,570	\$

See accompanying notes to schedules of financial assistance

EXHIBIT K-4

TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Repaymt of Prior Year Balances	Balances at June 30, 2014			MEMO	
			From	To							(Accounts Receivable)	Unearned Revenue/Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	13-495-034-5120-078	\$ 586,545	7/1/12	6/30/13	\$ (51,554)	\$	\$ 51,554	\$	\$	\$	\$	\$	\$	\$ -	
Equalization Aid	14-495-034-5120-078	566,187	7/1/13	6/30/14			507,808	(566,187)			(58,379)		*	(58,379)	566,187
Transportation Aid	13-495-034-5120-014	50,647	7/1/12	6/30/13	(4,451)		4,451								
Transportation Aid	14-495-034-5120-014	52,220	7/1/13	6/30/14			46,836	(52,220)			(5,384)		*	(5,384)	52,220
Special Education Categorical Aid	13-495-034-5120-089	68,762	7/1/12	6/30/13	(6,044)		6,044								
Special Education Categorical Aid	14-495-034-5120-089	68,555	7/1/13	6/30/14			61,486	(68,555)			(7,069)		*	(7,069)	68,555
Security Aid	13-495-034-5120-084	16,482	7/1/12	6/30/13	(1,449)		1,449								
Security Aid	14-495-034-5120-084	16,100	7/1/13	6/30/14			14,440	(16,100)			(1,660)		*	(1,660)	16,100
Adjustment Aid	13-495-034-5120-085	107,512	7/1/12	6/30/13	(9,450)		9,450								
Adjustment Aid	14-495-034-5120-085	5,359	7/1/13	6/30/14			4,806	(5,359)			(553)		*	(553)	5,359
Additional Non Public School Trans Cost:	13-495-034-5120-014	1,218	7/1/12	6/30/13	(1,218)		1,218								
Additional Non Public School Trans Cost:	14-495-034-5120-014	845	7/1/13	6/30/14				(845)			(845)		*		845
On Behalf TPAF Pension Contribution	14-495-034-5095-007	30,642	7/1/13	6/30/14			30,642	(30,642)					*		30,642
On Behalf TPAF Post Retirmt Med'l Cont	14-495-034-5095-001	50,243	7/1/13	6/30/14			50,243	(50,243)					*		50,243
Reimbursed TPAF Social Security Contr	14-495-034-5095-002	58,316	7/1/13	6/30/14			58,316	(58,316)					*		58,316
Total General Fund					(74,166)		848,743	(848,467)			(73,890)			(73,045)	848,467
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Nursing Aid	14-100-034-5120-070	9,187	7/1/13	6/30/14			9,187	(9,187)					*		9,187
N.J. Nonpublic Textbook Aid	13-100-034-5120-064	6,527	7/1/13	6/30/14			6,527	(6,494)					33	*	6,494
N.J. Nonpublic Textbook Aid	13-100-034-5120-064	6,711	7/1/12	6/30/13		268				(268)					
Nonpublic Tech	13-100-034-5120-373	2,477	7/1/12	6/30/13		109				(109)					
Nonpublic Tech	14-100-034-5120-373	2,380	7/1/13	6/30/14			2,380	(2,295)					85	*	2,295
Chapter 192: Auxiliary Services													1,084		
Compensatory Education	13-100-034-5120-066	8,361	7/1/12	6/30/13		2,342			1,084	(1,258)					
Compensatory Education	14-100-034-5120-067	11,984	7/1/13	6/30/14			11,984					11,984	*		
Transportation	14-100-034-5120-068	1,998	7/1/13	6/30/14			1,998					1,998	*		
Chapter 193: Handicapped Services															
Examination and Classification	14-100-034-5120-066	1,433	7/1/13	6/30/14			1,433						1,433	*	
Examination and Classification	13-100-034-5120-066	958	7/1/12	6/30/13		639				(639)					
Corrective Speech	14-100-034-5120-066	7,031	7/1/13	6/30/14			7,031						7,031	*	
Supplemental Instruction	13-100-034-5120-066	1,388	7/1/12	6/30/13		902				(902)					
Supplemental Instruction	14-100-034-5120-066	694	7/1/13	6/30/14			694						694	*	
Character Education	07-495-034-5120-053	16,000	7/1/06	6/30/07	7,771			(2,265)				5,506	*		2,265
Total Special Revenue Fund					7,771	4,260	41,234	(20,241)	1,084	(3,176)		5,506	24,342		20,241
Capital Projects Fund:															
EFCFA Grant	5070-050-09-1001	321,936	4/26/09	Closing	(8,997)		17,973		(8,976)						221,796
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program	14-100-010-3350-023	489	7/1/13	6/30/14			375	(489)			(114)		*		489
State School Lunch Program	13-100-010-3350-023	515	7/1/12	6/30/13	(59)		59								
Total Enterprise Fund					(59)		434	(489)			(114)				489
Total State Financial Assistance					\$ (75,451)	\$ 4,260	\$ 908,384	\$ (869,197)	\$ (7,892)	\$ (3,176)	\$ (74,004)	\$ 5,506	\$ 24,342	\$ (73,045)	\$ 1,090,993

See accompanying notes to schedules of financial assistance

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Stow Creek Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(97) for the general fund and \$0 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2014

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 969,897	\$ 969,897
Special Revenue Fund	76,216	20,241	96,457
Food Service Fund	<u>19,457</u>	<u>489</u>	<u>19,946</u>
Total Financial Assistance	\$ <u>95,673</u>	\$ <u>990,627</u>	\$ <u>1,086,300</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Stow Creek School District had no federal or state loan balances outstanding at June 30, 2014.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

NOTE 7: MAJOR PROGRAM

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 8: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 9: ADJUSTMENT

There was one adjustment on Schedule A, Exhibit K-3, in the amount of \$94,364, representing the closeout of a prior year grant award. There was also a prior year order adjustment in the Non-public chapter 192 allocation in the amount of \$1,084, as reflected on Schedule B, Exhibit K-4.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes _____ no

CFDA Number(s) Name of Federal Program or Cluster

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: **N/A**

Auditee qualified as low-risk auditee? X yes _____ no

Adjustment Aid

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE FINANCIAL ASSISTANCE

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30,2014**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

NONE